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FORMAT: Paper Presentation

**THE BITTER-SWEET SILVER SPOON: THE EFFECTS OF NEPOTISTIC HIRING ON
EMPLOYEE PERFORMANCE AND WELL-BEING**

ABSTRACT

The current study investigated the levels of performance and well-being amongst 154 employees within a Caribbean coastguard organisation, including qualified and unqualified employees that were hired as a result of nepotism, as well as non-nepotistic employees. A mixture of indirect self-report questions and personnel file information were used as criteria to differentiate nepotistic status. In line with expectations, nepots (particularly unqualified nepots) were found to exhibit significantly lower levels of performance and well-being than qualified nepots or non-nepots, after controlling for a range of individual-level variables, including prior performance. Additionally, high role conflict moderated nepotism's impact on well-being, proving particularly negative for qualified nepots. In contrast, co-worker relationships perceived as highly supportive protected levels of well-being amongst nepots, particularly unqualified nepots. The implications of these findings can be considered within broader debates that have so far been paradoxically ambivalent about the pros and cons of nepotism in organisations.

TOPIC AND KEY ISSUES

Nepotism, or the favoured treatment of one's relatives, remains a popular practice across history and many societies. This is partly due to long-standing evolutionary pressures to reciprocally express altruism, generosity, and gratitude towards our own biological kin (Bellow, 2003). In organisations, a general paradox surrounding nepotism has been observed. On the one hand, it runs largely counter to Western principles of meritocracy, fairness, and democracy; it can lead to disruptive jealousy and resentment in working relationships, as well as discouraging talented diverse parties from wanting to work for an organisation (Ewing, 1965). On the other hand, it can be perceived as good business sense to executives; upholding a distinctly successful corporate image, signalling recognition of loyalty, engendering a heightened sense of cultural fit and shaping a deep responsibility for a company's growth and success (Ewing, 1965).

In organisations, nepotism is a loose phenomenon that "covers the spectrum from blatant favouritism towards an idiot relative to appointing someone you already know to a job" (Reeves, 2003, p22). We might further note that hiring of a 'nepot' may take place regardless of whether they are suitably qualified or under-qualified for the job. Nepotism carries clear advantages for certain individuals, although this will depend on the institutional and industrial contexts in question – the visibility of a surname carries much

weight for softer work in arts, public relations, and the media; in political roles where trust and loyalty are desirable nepotistic networks can be seen as an ultimate security measure; and successful marriage matches can double the capacity of an individual's professional network. Yet in science and academia, where anonymity and objectivity are standard reviewing practice, surname-linked nepotism will run largely invisible and unrewarded (Reeves, 2003). Finally, in the case of family businesses, successive handovers to other family members may reflect a rational response to minimise the social and financial risk incurred by handing over an idiosyncratic business to a non-family agent of potentially lower trustworthiness and/or ability instead (Lee, Lim, & Lim, 2003).

Given such nuances, perhaps it is unsurprising that research on organisational nepotism remains a fairly scattered body of work across a variety of contexts and cultures. Early views recognise that organisational nepotism has an overall negative image in the West; although is approved of in practice as long as nepotistic hires are capable, loyal, and hired through procedurally fair decision-making mechanisms (Ewing, 1965). However, given the public nature of organisational life and HRM-based hiring procedures, particularistic hiring based on informal personal connections, more widely practiced in countries with more traditional socialist politics (e.g. 'Guanxi' connections in Chinese culture) is associated with lowered trust in management/coworkers, reduced organisational commitment, and increased shirking or 'covering up' between nepots or favoured parties (Chen, Chen, & Xin, 2004; Pearce, Branyiczki, & Bigley, 2000).

In the current study, we build on the existing organisational nepotism literature in three main ways. Firstly, we directly investigate whether nepotistic hiring via family connections is harmful in general to frontline employee performance and well-being, where prior research has largely been restricted to attitudinal outcomes and counterproductive work behaviours. Secondly, we identify samples of qualified and unqualified nepotistic hires, and explore the possibility that despite general harmfulness, the lowest levels of employee performance and well-being occur amongst unqualified nepots. This is a distinction typically overlooked or unspecified in prior research. Finally, we explore the effects of two moderators on nepots' well-being; role conflict as a state that exacerbates the negative outcomes of nepots, and perceived supportive coworker relationships as a buffer to the negative outcomes of nepots.

Our expectation is that nepot status will have negative main effects on performance and well-being. Although nepotism could potentially become a collectively normalised form of corruption in an

organisation's culture (Ashforth & Anand, 2003), we argue that hired individual nepots will feel a persistent sense of cognitive dissonance and self-doubt (Festinger, 1957). The knowledge that one was selected for a job preferentially will create an ethical conflict likely to have a negative impact on performance and well-being, by being cognitively distracting and also taking a negative emotional toll on self-esteem (Moser, 1988). If the nepots are qualified to do the job, then effects may be slightly less negative, although there may still be the risk of negative experiences related to nepotism per se; expectations by other organisational actors and the nepots themselves that they aren't fulfilling the role as successfully as they should be, and the burden of these expectations leading to a self-fulfilling prophecy of low confidence and poor performance (Eden, 1984).

In terms of accompanying perceptions, we expect that experienced role conflict between nepots' formal role as employee and their latent informal role as a family member will exacerbate the negative main effects of nepotism in the form of competing social and task requests within the organisation (Thompson, 1960). In contrast, we expect that co-workers perceived as supportive can buffer the negative impacts of nepotistic status. Supportive co-workers can validate the nepotistic hire's sense of self, improve their role perceptions, sense of belonging, listen to them and support them in their work (Chiaburu & Harrison, 2008).

METHOD & RESULTS IN BRIEF

Survey data from 154 personnel in a coastguard organisation in the Caribbean was collected and analysed. A combination of self-report questions and archival personnel records were used to assign an employee to one of three groups: non-nepotistic hire, qualified nepotistic hire, and unqualified nepotistic hire (see Table 1). Employees' most recent performance appraisal scores were also obtained from personnel records (range: 0-150). Well-being was measured using the 12 item General Health Questionnaire (GHQ) (Goldberg, 1978). Role conflict was measured using two self-report items from an established measure (Rizzo, House, & Lirtzman, 1970). Supportive co-worker relations were measured using three items from a measure validated in research in relevant naval occupational settings (Bridger, Kilminster, & Slaven, 2007).

To test the study hypotheses, a MANCOVA analysis was run with performance and well-being as outcomes, nepotistic status as a between-subjects factor, and gender, age, tenure, and initial performance (first appraisal upon joining the organisation) were entered as control variables.

In support of study expectations, nepotistic subgroups differed significantly in terms of well-being ($F(148, 2) = 3.68, p < 0.05$) and performance ($F(148, 2) = 4.22, p < 0.05$). Pairwise comparisons between the subgroups confirmed that only the mean difference in well-being between non-nepotistic and unqualified nepotistic employees was significant (Mean difference = 1.74, $p = 0.06$). GHQ scores for unqualified nepots were significantly higher (poorer) than those of non-nepots. Pairwise comparisons on performance confirmed that only the mean difference between qualified nepots and unqualified nepots was significant (Mean difference = 10.63, $p < 0.05$). Unqualified nepots showed significantly lower performance ratings than qualified nepots, who didn't differ significantly from non-nepots.

The interaction between nepotistic status and role conflict was marginally significant for well-being ($F(148, 3) = 2.33, p = 0.08$) but not for performance ($F(148, 3) = 0.25, p > 0.10$). Inspection of the interaction graph (see Figure 1) confirms that those with low role conflict (-1SD) had significantly lower GHQ scores (better well-being). Qualified nepots with low role conflict appear to benefit the most.

The interaction between nepotistic status and supportive co-worker relationships was significant for well-being ($F(148, 3) = 6.42, p < 0.01$) but not for performance ($F(148, 3) = 0.92, p > 0.10$). Inspection of the interaction graph (see Figure 2) confirms that higher co-worker support relationships (+1SD) are beneficial in well-being terms (lower GHQ scores) for all employee groups, although they are particularly beneficial for unqualified nepots as opposed to qualified nepots.

CONCLUSIONS & CONTRIBUTIONS

In conclusion, our study largely confirmed expectations, although with some nuances. Unqualified nepots are clearly the most negative group and potentially in need of workplace support; they exhibit poorer well-being than non-nepots, and poorer performance than qualified nepots. Qualified nepots seem to be very similar to non-nepotistic employees, their qualifications giving them a procedural legitimacy (Ewing, 1965). Lower role conflict puts them even more on an equal footing in terms of well-being, whereas high role conflict is a particular source of pressure. Supportive co-worker relationships appear to fairly dramatically buffer the well-being of unqualified nepots, and represent an important reassurance for nepots that doubt their worth or role in the company (Chiaburu & Harrison, 2008).

Our findings may be limited in not generalising to a variety of political systems or to higher management levels, but they show that in large organisations, nepotistic hiring is particularly harmful to a

range of frontline and mid-level employees. Unqualified nepots and qualified nepots appear to respond to different cues in shaping their well-being. The unqualified benefit particularly from co-worker support. The qualified nepots suffer particularly under high role conflict. Future research on organisational nepotism can take these issues further, tracking them over time, and perhaps examining qualitatively how nepotism shapes a wider range of co-worker, nepot, and supervisor perceptions. The current study contributes by providing explicit evidence that nepotistic hiring has negative main effects on employee outcomes, after controlling for a range of other variables. This study shows how nepotism, a phenomena that is difficult to accessibly research, can be placed squarely within the remit of organisational behaviour and helps to challenge broader commentaries praising the natural evolutionary and social capital benefits of nepotism at the societal level (Bellow, 2003). This ongoing research agenda is discussed further within the fuller version of this paper.

TABLE 1. Self-Report and Archival Criteria Used to Determine Respondent's Nepotistic Status

| Defining Groups | Group 1 (N=16) Unqualified Nepot | Group 2 (N=74) Qualified Nepot | Group 3 (N=59) Non Nepotistic |
|--------------------|--|---|--|
| Inclusion criteria | Self report: <ul style="list-style-type: none"> - Has family in service - Family was first encounter with service - Family tradition was reason for joining - Experience/knowledge of work came first hand through family Files: <ul style="list-style-type: none"> - No education level specified - No selection scores specified | Self report: <ul style="list-style-type: none"> - Has family in service - Family was first encounter with service - Family tradition was reason for joining - Experience/knowledge of work came first hand through family Files: <ul style="list-style-type: none"> - Education level IS specified - Selection scores ARE specified | Self report: <ul style="list-style-type: none"> - NO family in service - NO previous encounter with service - OTHER reason for joining than family - NO prior experience of service via family Files: <ul style="list-style-type: none"> - Education level IS specified - Selection scores ARE specified |

FIGURE 1. Role Conflict as Moderator of Nepotism's Associations with Well-Being

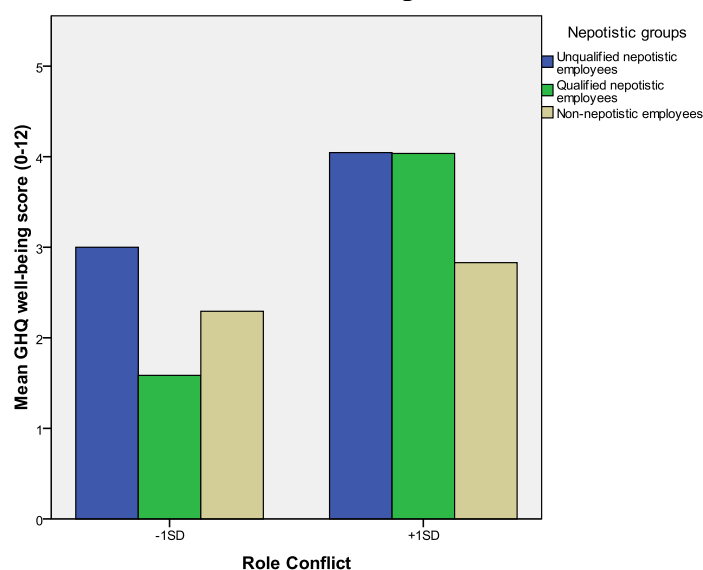
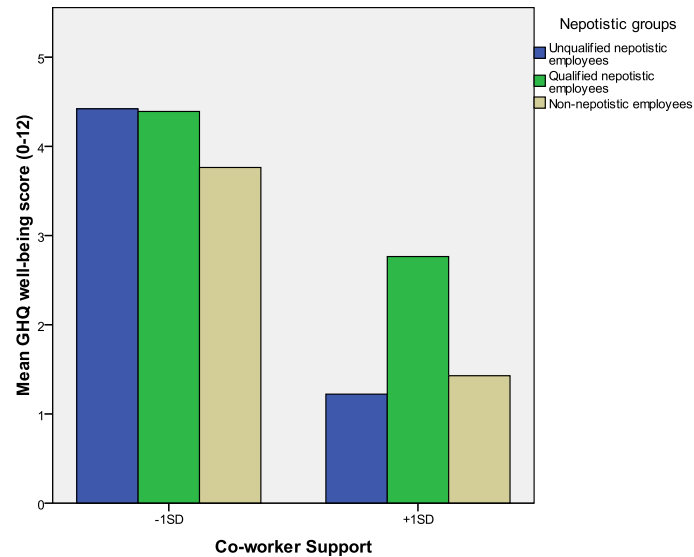


FIGURE 2. Supportive Coworker Perceptions as Moderator of Nepotism's Associations with Well-Being



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